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**FISCAL IMPACT STATEMENT**

**LS 6734**  
**BILL NUMBER:** HB 1381

**NOTE PREPARED:** Dec 22, 2004  
**BILL AMENDED:**

**SUBJECT:** New Tire Fee.

**FIRST AUTHOR:** Rep. Wolkins  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill increases the fee on new tires from \$0.25 to \$1. The bill also allocates 25% of the money deposited in the Waste Tire Management Fund to the Department of Environmental Management for waste tire activities and 75% to the Department of Commerce for grants and loans for waste tire activities.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** Currently, the \$0.25 new tire fee is collected on each new tire sold at retail and each new tire mounted on a new vehicle sold at retail. The fee generated approximately \$1.6 M in FY 2004 and \$1.0 M in FY 2003, all of which was distributed to the Department of Environmental Management (IDEM). This bill increases the fee from \$0.25 to \$1.00 and allocates 25% of the revenue to IDEM and 75% to the Department of Commerce.

Based on the Department of Environmental Management's estimate that 6.5 M tires are replaced each year, additional revenue generated by the \$1.00 fee should be approximately \$4.8 M to make a total of \$6.4 M. (Estimate is also based on the person collecting the fee retaining 1% of the amount collected.) Of the total revenue, IDEM would receive approximately \$1.6 M, and the Department of Commerce would receive approximately \$4.8 M.

*Background:* Currently, all revenue generated by this fee is deposited in the Waste Tire Management Fund. Money in the fund is intended for waste tire clean up and encouraging the development of the reuse market for

waste tires via grants. Through an interagency agreement between the Budget Agency, IDEM, and Department Commerce, all revenue generated by the waste tire fee is used by IDEM (rather than splitting the fee with Commerce as specified in statute) for waste tire clean-ups and providing Scrap Tire grants. This bill removes the language currently in statute by which the agreement was made.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** IDEM, Department of Commerce.

**Local Agencies Affected:**

**Information Sources:** *2004 Annual State of the Environment Report*, IDEM; *Indiana Department of Revenue Annual Report*, October 1, 2004.

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